

Management Letter in Accordance with the Rules of the Auditor General of the State of Florida

Honorable Mayor, City Council and City Manager
City of North Miami, Florida

We have audited the general purpose financial statements of the City of North Miami, Florida (the City) as of and for the year ended September 30, 2001, and have issued our report thereon dated February 8, 2002.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

We conducted our audit in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Report of Independent Certified Public Accountants on Compliance and Internal Control over Financial Reporting, Report of Independent Certified Public Accountants on Compliance with Requirements Applicable to each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 and the Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated February 8, 2002, should be considered in conjunction with this management letter.

In connection with our audit of general purpose financial statements of the City of North Miami for the year ended September 30, 2001, we report the following in accordance with Chapter 10.550, Rules of the Auditor General, *Local Government Entity Audits* which requires that this report specifically address, but not be limited to, the matters outlined in Rule 10.554(1)(g):

1. No inaccuracies, shortages, defalcations, fraud and violations of laws, rules, regulations and contractual provisions were reported in the preceding annual financial audit, except as reported in the accompanying summary schedule of prior audit findings.
2. The City, during fiscal year 2001, was not in a state of financial emergency as defined by Florida Statute, Section 218.503(1). The Solid Waste fund has had a deficit retained earnings balance for five consecutive years. The deficit in the solid waste fund is expected to be funded through an increase in recycling and sanitation fees, the reestablishment of the curbside recycling program and a reduction in certain operating costs over the next several fiscal years.
3. Recommendations to improve the City's present financial management, accounting procedures and internal accounting controls have been addressed in the schedule of findings and questioned costs accompanying this report.



Honorable Mayor, City Council and City Manager
City of North Miami, Florida
Page Two

4. Recommendations made in the preceding annual financial audit have been implemented except as reported in the accompanying summary schedule of prior audit findings.
5. During the course of our audit, nothing came to our attention that caused us to believe that the City:
 - a. Was in violation of any laws, rules, regulations and contractual provisions.
 - b. Made any illegal or improper expenditures.
 - c. Had improper or inadequate accounting procedures.
 - d. Failed to record financial transactions.
 - e. Had other inaccuracies, shortages, defalcations and instances of fraud discovered by, or that come to the attention of the auditor.
6. The annual financial report for the year ended September 30, 2001 has been filed with the Department of Banking and Finance pursuant to Section 218.32(1)(a), Florida Statutes, and is in agreement with the audited financial statements of the same period.
7. The City was incorporated by Chapter 165, Florida Statutes. The Museum of Contemporary Art, Inc., the City's component unit, was created by the City of North Miami, Ordinance 768, adopted October 14, 1980 and was incorporated in the State of Florida on August 18, 1981.
8. During the course of our audit, we applied financial condition assessment procedures pursuant to Rule 10.566(8). It is management's responsibility to monitor the City's financial condition, and our financial condition assessment, which was performed as of the City's fiscal year end, was based on representations made by management and the review of financial information provided by the City. There were no findings regarding deteriorating financial conditions.

This report is intended solely for the information and use of the Mayor, City Council, management and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Rachlin Cohen & Holtz LLP

Miami, Florida
February 8, 2002